



Semler Scientific

OTCQB:SMLR

November 2020

Forward Looking Statements

This presentation includes statements that are, or may be deemed, “forward-looking statements.” In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe,” “estimate,” “anticipate,” “expect,” “plan,” “intend,” “may,” “could,” “might,” “will,” “should,” or, in each case, their negative or other variations thereon or comparable terminology, although not all forward-looking statements contain these words. Such forward-looking statements appear in a number of places throughout this presentation and include statements regarding our expectations regarding revenue and net income growth, growth in operating expenses, stockholder dilution, and continued generation of cash from operations and profitability as well as statements regarding our expanding product offering. These statements are based on our current intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things, the impact of healthcare reform (including the Affordable Care Act) on our business, the effect of new financial incentives for medical providers and the amount of such payments, our ongoing and planned development of products, the timing of launch of such new products, the strength and breadth of our intellectual property, the degree of clinical utility and adoption of our product, particularly for specific patient populations, and the success of new service models.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics, our expected financing needs and sources of financing, the industry in which we operate and the trends that may affect the industry or us. Our results of operations, financial condition, liquidity, prospects, growth and strategies depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this presentation, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this presentation as a result of, among other factors, the factors referenced in the “Risk Factors” section of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 9, 2020 and as may be amended from time to time and the effects of the COVID-19 pandemic, including our assumptions regarding its duration and the impact on use of our products and services. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, they may not be predictive of results of developments in future periods. Any forward-looking statements that we make in this presentation speak only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this presentation, except as required by law.

You should read carefully our “Cautionary Note Regarding Forward-Looking Statements and Industry Data” and the factors described in the “Risk Factors” sections of the Annual Report to better understand the risks and uncertainties inherent in our business.

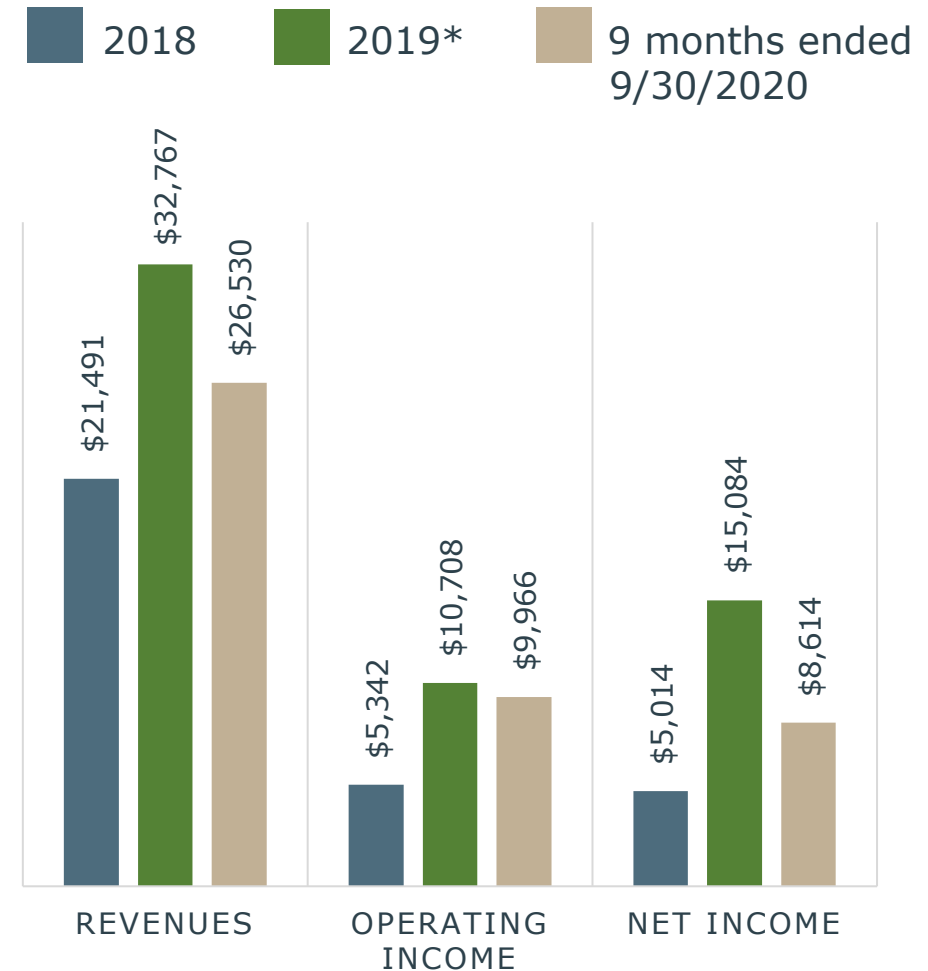
Disruptive, Paradigm-shifting Business

1. Technology to bring **Peripheral Arterial Disease (PAD) testing** to the **front lines of medicine** (primary care, home assessment, etc.)
2. High-leverage distribution model selling to and working through **Health Insurance Plans** and **Risk Assessment companies**
3. Software as a service (SAAS) **recurring-revenue subscription licensing model** rather than capital equipment sales

Investment Highlights

(in thousands of U.S. Dollars)

- Solid track record of revenues and net income since Q4 2017
- Recurring revenue model
- Strong cash generation



*Income tax benefit of \$4.4M primarily due to release of tax valuation allowance




Solutions to Improve Healthcare for Age 50 and Over

What is Currently Lacking?



**Patients at risk
for heart attacks
and strokes are
often unaware
of their status**

**A need exists
for cost efficient
or time efficient
means to
identify these
patients**



**Society benefits from
“early warning”
of patients’
health status in
two ways:**

- 1. Start preventive care to avoid acute care costs down the road**
- 2. Improved economics to mitigate the financial costs of heart attacks, strokes and chronic disease**



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Software and Products Platform

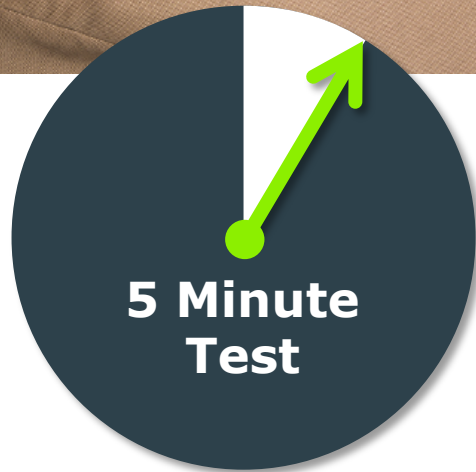
- **Faster**
- **More practical to use**
- **More accurate**
- **Less expensive**

Saving Time for the Primary Care Physician



Semler's QuantaFlo® point-of-care, vascular disease test can be performed by a medical aide in less than 5 minutes.

The primary care physician is spared substantial time and paperwork, which may be better spent on patient care management.



QuantaFlo®
PAD Test

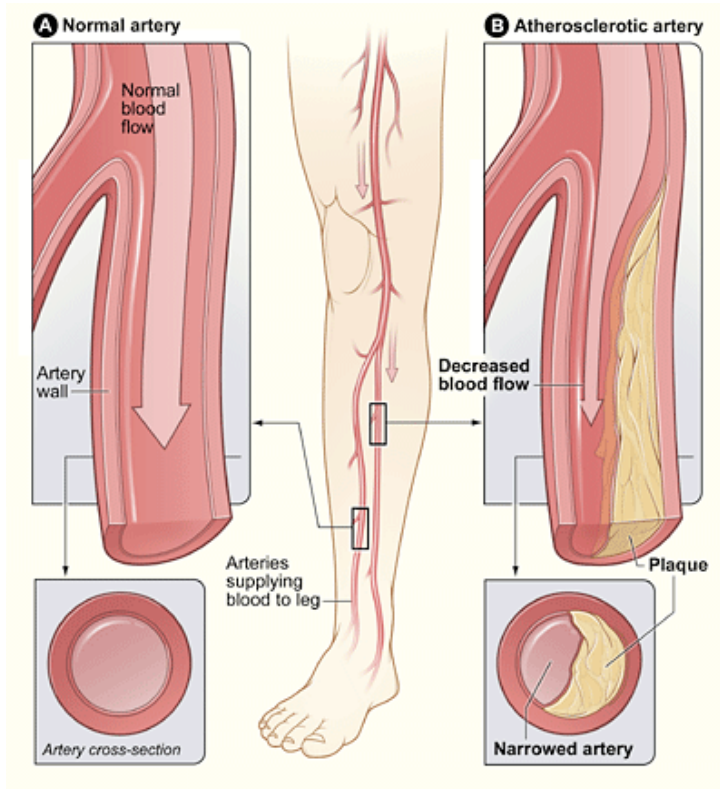
Bringing PAD Testing to the Primary Care Physician

- FDA marketing clearance and patent granted
- Delivers fast, clinically-proven, accurate results in ~5 minutes at the point of care providing significant opportunity to improve health and lower cost
- QuantaFlo® software can be installed on any Windows-based, android, iOS-compatible PC, laptop or tablet operating platform
- Medical aide can perform the test – fast, easy to use and portable
- Well-suited for use in primary care offices, health fairs and during home assessments as well as in specialty practices

Competition

- Traditional Ankle-Brachial Index (ABI) testing for PAD has been the standard for decades, uses blood pressure cuffs and doppler ultrasound imaging
- Requires a trained vascular technician, performed by referral in a specialized vascular lab, requires more time and cost, **accuracy same as or less than QuantaFlo®**
- ABI not suitable for certain types of patients
- ABI not practical for primary care offices or home testing

QuantaFlo® Aids the Diagnosis of Peripheral Arterial Disease (PAD)



- We believe there are more than 80 million U.S. patients who could be tested based on AHA/ACC criteria, of which 20 million may have PAD
 - **But only 1 or 2 million are estimated to be diagnosed conventionally**
- PAD is a condition where the arteries serving the extremities (peripheries) narrow and reduce blood flow
- Often has comorbidities such as heart failure, diabetes, and renal failure

<https://www.businesswire.com/news/home/20190925005563/en/SAGE-GROUP-LLC-Comments-National-Peripheral-Artery/>
Source: Yost, ML, The Sage Group,
September 25, 2019

Market Size for PAD

- PAD is highly underdiagnosed
- **75%** of PAD patients are asymptomatic¹ - primary MDs often miss the diagnosis
- Co-morbidity and cost of asymptomatic PAD are **similar to that of symptomatic PAD**²
- PAD sufferers have a **21% increased risk** of a heart attack, stroke, hospitalization or death within one year³
- **1 in 5 people over age 60** and nearly **1 in 2 people over age 85** have PAD⁴
- **Significant annual costs** to the U.S. Government
- **Early detection** may mean more preventive care

References:

1- Sillesen H, Falk E: Peripheral artery disease (PAD) screening in the asymptomatic population: why, how, and who? *Curr Atheroscler Rep*, 13(5):390-395. and Hirsch: Peripheral Arterial Disease Detection, Awareness, and Treatment in Primary Care *JAMA*, 2001: Vol 286: 1317-1324

2 – a) Criqui The epidemiology of peripheral arterial disease: importance of identifying the population at risk *Vasc Med* 1997;2:221-226

b) Reach Study: One-Year Costs in patients with a History of or at risk for atherothrombosis in the United States *Circ Cardiovasc Qual Outcomes*, 2008;1:38-45

c) Vascular Hospitalization Rates and Costs in Patients with Peripheral Artery Disease in the United States *Cardiovascular Qual Outcomes* 2010;3:642-651

3 - Steg PG, Bhatt DL, Wilson PW, et al. One-year cardiovascular event rates in outpatients with atherothrombosis. *JAMA*. 2007;297(11):1197-1206. doi:10.1001/jama.297.11.1197

4- Sigvant B, Lundin F, Wahlberg E. The Risk of Disease Progression in Peripheral Arterial Disease is Higher than Expected: A Meta-Analysis of Mortality and Disease Progression in Peripheral Arterial Disease. *Eur J Vasc Endovasc Surg*. 2016;51(3):395-403. doi:10.1016/j.ejvs.2015.10.022.

- Customer base includes **health insurance plans, physician groups and home risk assessment companies**
- QuantaFlo® provides **valuable information** for our customers to **better guide patient care and close the gap between cost of care and compensation for care**
- Semler Scientific seeks to provide economics that work for the **providers, the facilities, the insurance plans, the government and the patient**

Health Insurance Plans Are Customers Who May See Benefits

- Hypothesis: Prevention is better for their members (= covered lives)
- Belief that, when clinical outcomes are favorable from prevention, members lead healthier lives
- Healthier lives may mean less costs to the health system
- Resulting in favorable economics

- More than 400K primary care providers in the U.S.
- We believe there are 80 million people in U.S. who are either:
 - Age 65 or older, or
 - Age 50 to 64 with cardiovascular risk factors
- Of these 80 million
 - 24 million are Medicare Advantage
 - 44 million are Medicare
 - >12 million other



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History

- 2011: Began commercializing the first-generation system to aid in the diagnosis of peripheral arterial disease (PAD)
- 2015: Received FDA clearance for the next generation system, QuantaFlo®
- Clinical trials demonstrate accuracy of the product when performed by a medical aide

- 50 person sales and marketing team as of 9/30/2020
- Insurance plan customers place QuantaFlo® in their physician offices
- Ability to leverage customers' IT and training teams
- Utilizing contract manufacturing to making our products
- Few capital expenditure requirements
- Experienced management team and Board

Two types of recurring revenue depending on customer type:

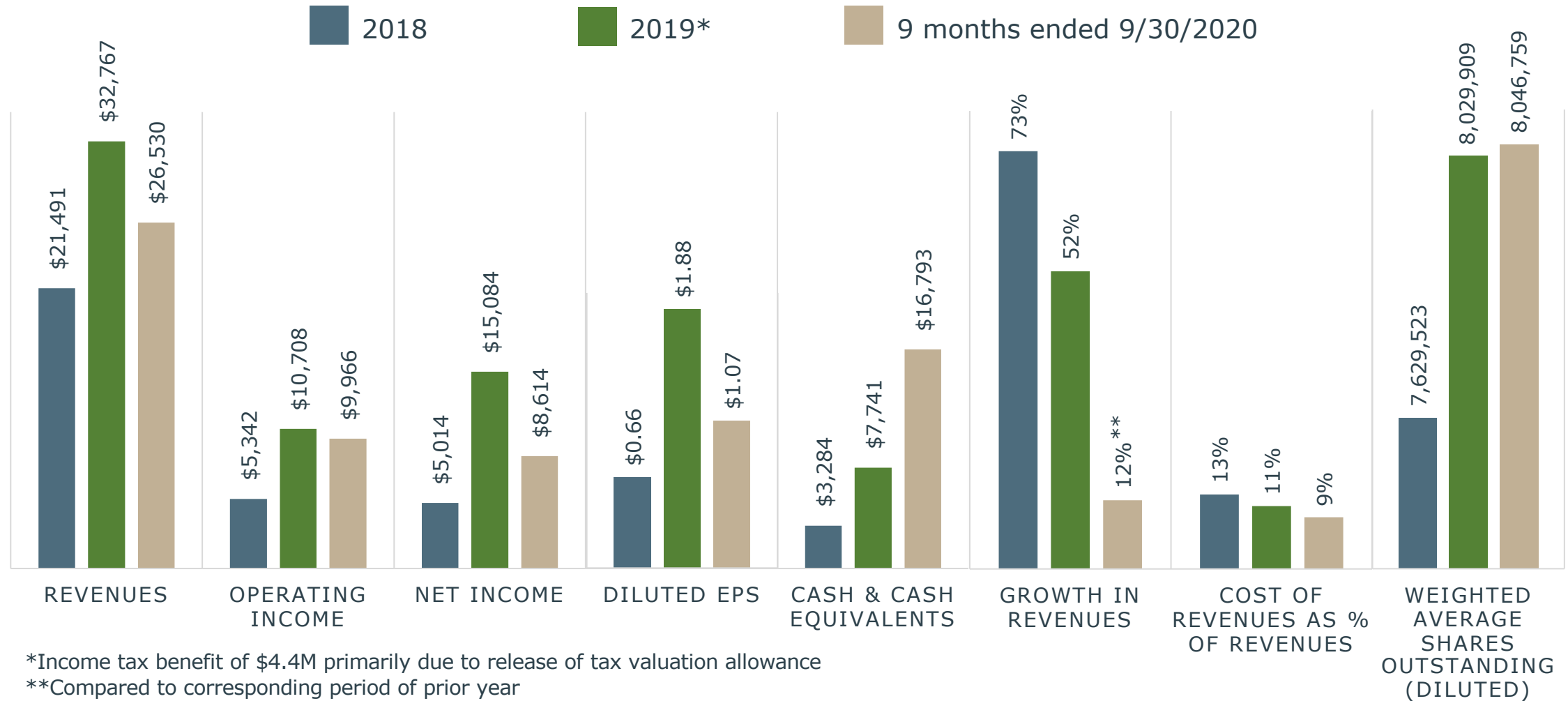
- Monthly fixed-fee
- Monthly variable-fee (fee-per-test) (plus cost of sensor) based on usage
- Provides opportunity to introduce new, synergistic products

COVID-19 Effects on Business Outlook

- As COVID-19-related restrictions have lifted in the third quarter of 2020, our business has returned to and even exceeded pre-COVID-19 levels. However, there is uncertainty that the recent roll-back in restrictions will be maintained. Results in the third quarter of 2020 are not indicative of any future quarter or the full fiscal year results.
- Until the effects of the COVID-19 pandemic on our business are more quantifiable, we do not plan to undertake any material changes to our business plan or operations.
- Refer to our Form 10-Q filed on November 6, 2020 for more details.

Financials—Income Statement Highlights (Y/Y FY18 FY19 FY20)

(in thousands of U.S. Dollars, except share and per share data and percentages)



Quarterly Performance: Q3 2020 vs. Q2 2020

- \$10.7M revenues increased 68% compared with \$6.4M
- \$4.9M net income, or \$0.74 per basic share and \$0.61 per diluted share, compared with \$1.1M net income, or \$0.16 per basic share and \$0.13 per diluted share
- Quarterly earnings per share (Q3 2020) were calculated as of 9/30/2020 using
 - 6.6M basic weighted average shares
 - 8.0M diluted weighted average shares

Balance Sheet and Cash Flow Highlights—Q3 2020

- No debt
- Cash position of \$16.8 million in Q3 2020 vs. \$8.5 million in Q3 2019

New Products

- Exploring new products and service offerings designed to provide cost effective wellness solutions for our growing established customer base
- Develop, license, or acquire rights to additional products to sell to our customers
 - entered into a marketing and distribution agreement with a private company on an exclusive basis in the U.S. and Puerto Rico in a new product area
 - made a \$500,000 loan and made an investment in the equity securities in another private company working in a second new product area in return for 40,922 shares of SMLR stock
 - made an investment (both debt and equity) amounting \$1.8M in another private company working in a third new product area.

- Annual revenues are expected to continue to grow
- Annual operating expense is expected to grow but at a slower rate than revenues
- Opportunity to develop and launch synergistic products to our customer base
- Cash generation from operations and continued profits are anticipated in 2020 and 2021

Goals

- Add additional customers
- Continue strong revenue and net income growth
- Generate profits and cash from operating activities
- Invest cash in QuantaFlo® upgrades and new products
- Keep stockholder dilution at a minimum
- Establish our product as a standard of care in the industry



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